

MUTCHLER COMMUNITY CENTER  
BLOOMFIELD, IOWA

INDEPENDENT AUDITORS' REPORT  
FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION  
FINDINGS AND QUESTIONED COSTS

DECEMBER 31, 2011

## TABLE OF CONTENTS

	<u>Page No.</u>
OFFICIALS	1
INDEPENDENT AUDITORS' REPORT	2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Activities	4
Statement of Cash Flows	5
Notes to Financial Statements	6-7
SUPPLEMENTARY INFORMATION	
Schedule of Changes in Property and Equipment	8
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING	9-10
SCHEDULE OF FINDINGS	11-12

MUTCHLER COMMUNITY CENTER

OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Representation</u>
Ted Henderson	Commissioner Chairperson	City of Bloomfield
Ron Bride	Commissioner Vice-Chairperson	Davis County
Cliff Martin	Commissioner Secretary-Treasurer	Public

DAVIS AND LEWIS PLC  
CERTIFIED PUBLIC ACCOUNTANTS  
639 EAST PENNSYLVANIA AVE  
OTTUMWA, IOWA 52501

INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Mutchler Community Center  
Bloomfield, Iowa 52537

We have audited the accompanying financial statements as listed in the table of contents of this report of the Mutchler Community Center as of and for the year ended December 31, 2011. These financial statements are the responsibility of the Mutchler Community Center's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Chapter 11.6 of the Code of Iowa requires a review of internal control and testing of transactions for compliance.

This report has been prepared in conformity with U.S. generally accepted accounting principles as set forth in the AICPA Industry Audit and Accounting Guide, Not-For-Profit Organizations. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion the financial statements referred to above present fairly, in all material respects, the financial position of the Mutchler Community Center as of December 31, 2011, and the changes in its net assets and cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated September 24, 2012 on our consideration of the Mutchler Community Center's internal control over financial reporting and our tests on its compliance with certain provisions of laws, regulations, contracts and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information for the year ended December 31, 2011 is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements, and in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Davis and Lewis PLLC*

Certified Public Accountants

September 24, 2012

MUTCHLER COMMUNITY CENTER  
STATEMENT OF FINANCIAL POSITION  
December 31, 2011

**ASSETS**

CURRENT ASSETS

Cash in Bank	\$ 122,523
Prepaid insurance	<u>1,139</u>

TOTAL CURRENT ASSETS	<u>123,662</u>
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PROPERTY AND EQUIPMENT

Land	10,000
Buildings and improvements	1,366,800
Furniture, fixtures and equipment	<u>108,739</u>
	1,485,539
Less accumulated depreciation	<u>(559,480)</u>

NET PROPERTY AND EQUIPMENT	<u>926,059</u>
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TOTAL ASSETS	\$1,049,721 =====
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**LIABILITIES AND NET ASSETS**

CURRENT LIABILITIES

Accounts payable	\$ -0-
IPERS Payable	796
Payroll Tax Payable	<u>1,066</u>

TOTAL LIABILITIES	1,862
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NET ASSETS

Unrestricted net assets	<u>1,047,859</u>
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TOTAL LIABILITIES & NET ASSETS	\$1,049,721 =====
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See notes to financial statements

MUTCHLER COMMUNITY CENTER  
STATEMENT OF ACTIVITIES  
Year Ended December 31, 2011

UNRESTRICTED NET ASSETS

Contributions	\$ 805
Rental income	11,002
Membership dues	47,252
Other revenues	34,293
Interest income	<u>1,653</u>

TOTAL UNRESTRICTED SUPPORT	<u>95,005</u>
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EXPENSES

Payroll	48,717
Utilities and telephone	18,955
Concessions and T-shirts	6,426
Insurance	5,118
Supplies	5,815
Professional fees	988
Miscellaneous	1,551
Advertising	709
Payroll taxes	3,810
Sales tax paid	4,643
Repairs and maintenance	4,135
Referees, classes and camps	818
Pension expense	3,262
Depreciation	<u>40,901</u>

TOTAL UNRESTRICTED EXPENSES	<u>145,848</u>
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DECREASE IN UNRESTRICTED NET ASSETS	(50,843)
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NET UNRESTRICTED ASSETS AT BEGINNING OF YEAR	<u>1,098,702</u>
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NET UNRESTRICTED ASSETS AT END OF YEAR	\$1,047,859 =====
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See notes to financial statements.

MUTCHLER COMMUNITY CENTER  
STATEMENT OF CASH FLOWS  
Year Ended December 31, 2011

CASH FLOWS FROM OPERATING ACTIVITIES

Decrease in net assets	\$ (50,843)
Adjustments to reconcile decrease in net assets to net cash provided by operating activities	
Depreciation	40,901
(Increase) decrease in:	
Prepaid insurance	(13)
Interest receivable	-0-
Increase (decrease) in:	
Accounts payable	(1,500)
Accrued expenses	<u>932</u>

NET CASH USED FOR OPERATING ACTIVITIES (10,523)

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of property and equipment (270)

NET CASH USED IN INVESTING ACTIVITIES (270)

CASH FLOWS FROM FINANCING ACTIVITIES

NET CASH USED IN FINANCING ACTIVITIES - 0 -

NET DECREASE IN CASH (10,793)

CASH AT BEGINNING OF YEAR 133,316

CASH AT END OF YEAR \$ 122,523  
=====

SUPPLEMENTARY DISCLOSURES

Interest paid \$ - 0 -  
=====

See notes to financial statements.

MUTCHLER COMMUNITY CENTER  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business Activity

The Mutchler Community Center, a non-profit organization, built and operates a community recreation center providing recreation facilities to the community including reduced memberships for financially qualifying individuals. The Mutchler Community Center is a joint project following a 28E agreement with the City of Bloomfield, Iowa and the County of Davis County, Iowa.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards ASC 958-210, Not-for-Profit Organizations. Under ACS 958-210, the organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. At December 31, 2011, the Organization's net assets were classified as unrestricted.

Property and Equipment

Property and equipment are carried at cost. Depreciation of property and equipment is computed principally by the straight-line method at rates based on the following estimated useful lives:

Building and improvements	39 years
Improvements	20 years
Furniture, fixtures & equipment	7 years

The cost of assets sold, retired, or otherwise disposed of and the related allowance for depreciation are eliminated from the accounts and any resulting gain or loss is included in operations.

Expenditures for maintenance and repairs are charged against operations. Renewals and betterments that materially extend the life of an asset are capitalized.

Income Taxes

The Company is an Iowa non-profit corporation and is exempt from Federal and State income taxes under section 501c(3) of the Internal Revenue Code, and is not considered a private foundation. Contributions to the organization qualify for the charitable contribution deduction under the Internal Revenue code.

Cash and Cash Equivalents

For the purposes of the Statements of Cash Flows, cash and cash equivalents includes checking, savings and certificates of deposit.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.



MUTCHLER COMMUNITY CENTER  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2011

NOTE 2 - PENSION BENEFITS

The Mutchler Community Center contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O.Box 9117, Des Moines, Iowa 50306-9117.

Plan members are required to contribute 4.50% (1/1/11 to 6/30/11) and 5.38% (7/1/11 to 12/31/11) of their annual covered salary and the Mutchler Community Center is required to contribute 6.95% (1/1/11 to 6/30/11) and 8.07% (7/1/11 to 12/31/11) of covered payroll. Contribution requirements are established by State statute. The Mutchler Community Center contribution to IPERS for the years ended December 31, 2011, 2010 and 2009 were \$3,262, \$3,060 and \$3,017 respectfully, equal to the required contribution for each year.

NOTE 3 – EVALUATION OF SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through September 24, 2012, the date which the financial statements were available to be issued.

MUTCHLER COMMUNITY CENTER  
SUPPLEMENTARY INFORMATION

December 31, 2011

SCHEDULE OF CHANGES IN PROPERTY AND EQUIPMENT

	<u>Cost</u>			
	<u>Balance</u> <u>January 1, 2011</u>	<u>Additions</u>	<u>Reduct.</u>	<u>Balance</u> <u>Dec. 31, 2011</u>
Land	\$ 10,000	\$ - 0 -	\$ - 0 -	\$ 10,000
Buildings and improvements	1,366,800	-0-	- 0 -	1,366,800
Furniture, fixtures & equipment	<u>108,469</u>	<u>270</u>	<u>- 0 -</u>	<u>108,739</u>
Totals	<u>\$1,485,269</u>	<u>\$ 270</u>	<u>\$ - 0 -</u>	<u>\$1,485,539</u>

<u>Accumulated Depreciation</u>				
<u>Balance</u> <u>January 1,</u> <u>2011</u>	<u>Current</u> <u>Expense</u>	<u>Reduction</u>	<u>Balance</u> <u>December</u> <u>31, 2011</u>	<u>Net</u> <u>Book Value</u> <u>December</u> <u>31, 2011</u>
\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ 10,000
426,689	35,839	- 0 -	462,528	904,272
<u>91,890</u>	<u>5,062</u>	<u>- 0 -</u>	<u>96,952</u>	<u>11,787</u>
<u>\$518,579</u>	<u>\$40,901</u>	<u>\$ - 0 -</u>	<u>\$559,480</u>	<u>\$926,059</u>

DAVIS AND LEWIS PLC  
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OTTUMWA, IOWA 52501

INDEPENDENT AUDITORS REPORT ON COMPLIANCE AND  
INTERNAL CONTROL OVER FINANCIAL REPORTING

To the Board of Directors  
Mutchler Community Center  
Bloomfield, Iowa

We have audited the financial statements of Mutchler Community Center, as of and for the year ended December 31, 2011 and have issued our report thereon dated September 24, 2012. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Mutchler Community Center's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance that are described in the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the Mutchler Community Center's operations for the year ended December 31, 2011 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of Mutchler Community Center. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Mutchler Community Center's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but for the purpose of expressing an opinion on the effectiveness of the Mutchler Community Center's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Mutchler Community Center's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance all deficiencies, significant deficiencies or material weakness have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting we consider to be material weaknesses and other deficiencies we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is an deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the Mutchler Community Centers financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies in internal control described in Part II of the accompanying Schedule of Findings and Questioned Costs not to be a material weakness.

This report, a public record by law, is intended solely for the information and use of the officials, employees and customers of the Mutchler Community Center and other parties to whom the Mutchler Community Center may report. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the courtesies and assistance extended to us by personnel of the Mutchler Community Center during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

*Davis and Lewis PLLC*

Certified Public Accountants

September 24, 2012

MUTCHLER COMMUNITY CENTER  
SCHEDULE OF FINDINGS  
Year Ended December 31, 2011

Part II - FINDINGS RELATED TO THE FINANCIAL STATEMENTS

**INSTANCES OF NON COMPLIANCE:**

No matters were noted.

**REPORTABLE CONDITIONS:**

1. Segregation of Duties - One important aspect of internal accounting control is the segregation of duties among employees to prevent an individual from handling duties which are incompatible. The Mutchler Community Center is not large enough to permit an adequate segregation of duties.

Recommendation - We realize that with a limited number of office employees, segregation of duties is difficult. However, operating procedures should be reviewed to obtain the maximum internal control possible under the circumstances.

Response and Corrective Action Plan - We will continue to review the segregation of duties and make changes where possible and cost effective.

Conclusion - Response Accepted

Part III: FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS:

Not Applicable – No Federal Funding

Part IV: OTHER FINDINGS RELATED TO STATUTORY REPORTING:

1. Questionable Disbursements - We noted no disbursements that may not meet the requirements of public purpose as defined in the Attorney General's opinions dated April 25, 1979 and July 3, 1990. However, continued review of all disbursements to determine and document the public purpose serviced should be performed by the Commission.
2. Business Transactions - Our examination disclosed no business transactions between the Mutchler Community Center and the Center's commissioners or employees.
3. Open Meetings - Our examination disclosed no instances of noncompliance with the Code of Iowa Chapter 21.4 requirements concerning public notice of open meetings. No transactions were found that we believe should have been approved in the minutes but were not.
4. Construction Bidding Contracts - Our examination showed no instances of noncompliance with the Code of Iowa Chapter 384.96 and 384.102 where the total cost of the project was \$25,000 and bidding requirements were not followed as required for projects of \$25,000 or more.

5. Deposits and Investments – All certificates of deposit were held in depositories within the county in compliance with Chapter 12C of the Code of Iowa which requires deposits be held in depositories located in the county in which the facility is located or in an adjoining county.
6. Travel Expense – No disbursements of Mutchler Community Center money for travel expenses of spouses of Mutchler Community Center trustees, directors or employees were noted.